

**OFFICERS' CHRISTIAN FELLOWSHIP
OF THE UNITED STATES
OF AMERICA**

FINANCIAL STATEMENTS

May 31, 2018



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report	a - b
Financial Statements	
Statement of Financial Position	1
Statement of Activities	2
Statement of Cash Flows	3
Notes to Financial Statements	4 - 13
Supplementary Information	
Schedule of Functional Expenses	14



INDEPENDENT AUDITOR'S REPORT

Governing Council
Officers' Christian Fellowship
of the United States of America
Englewood, Colorado

We have audited the accompanying financial statements of Officers' Christian Fellowship of the United States of America (the "Fellowship") which comprise the statement of financial position as of May 31, 2018, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Fellowship's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fellowship's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Officers' Christian Fellowship of the United States of America as of May 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of functional expenses on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Logan and Associates, LLC

Aurora, Colorado
October 8, 2018

FINANCIAL STATEMENTS

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

STATEMENT OF FINANCIAL POSITION

May 31, 2018

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 2,738,189
Pledges Receivable - Current Portion	49,511
Accounts Receivable	840
Inventory	70,795
Prepaid Expenses	36,007
Total Current Assets	<u>2,895,342</u>
Non-current Assets	
Investments	924,046
Pledges Receivable	233,776
Property and Equipment, Net of Accumulated Depreciation	13,799,821
Other Assets	186,435
Total Non-current Assets	<u>15,144,078</u>
TOTAL ASSETS	<u><u>\$ 18,039,420</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Current Liabilities	
Accounts Payable	\$ 59,684
Accrued Liabilities	33,342
Deferred Revenue	130,631
Accrued Vacation	123,337
Note Payable - Current Portion	252,997
Total Current Liabilities	<u>599,991</u>
Long Term Liabilities	
Note Payable	710,356
Annuities Due	49,563
Total Long Term Liabilities	<u>759,919</u>
TOTAL LIABILITIES	<u><u>1,359,910</u></u>

NET ASSETS

Unrestricted	15,170,495
Temporarily Restricted	854,215
Permanently Restricted	654,800
TOTAL NET ASSETS	<u><u>16,679,510</u></u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 18,039,420</u></u>

The accompanying notes are an integral part of the financial statements.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

STATEMENTS OF ACTIVITIES

Year Ended May 31, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 3,099,667	\$ 1,199,286	\$ 4,600	\$ 4,303,553
Conference Centers:				
White Sulphur Springs Conference Center	918,122	-	-	918,122
Spring Canyon Conference Center	611,827	-	-	611,827
Regional Ministries	26,239	59,456	-	85,695
Investment Income	17,319	56,529	-	73,848
Change in Value of Split Interest Agreements	775	-	-	775
Other Revenue	25,125	-	-	25,125
Net Assets Released from Restrictions	1,226,833	(1,226,833)	-	-
TOTAL OPERATING REVENUE	5,925,907	88,438	4,600	6,018,945
EXPENSES				
PROGRAM SERVICES				
Field Ministries, Education Centers and Academies	1,094,734	-	-	1,094,734
General Ministry	646,736	-	-	646,736
White Sulphur Springs Conference Center	1,513,362	-	-	1,513,362
Spring Canyon Conference Center	1,015,725	-	-	1,015,725
TOTAL PROGRAM SERVICES	4,270,557	-	-	4,270,557
SUPPORTING SERVICES				
General and Administration	343,299	-	-	343,299
Fundraising	263,015	-	-	263,015
TOTAL SUPPORTING SERVICES	606,314	-	-	606,314
TOTAL EXPENSES	4,876,871	-	-	4,876,871
CHANGE IN NET ASSETS	1,049,036	88,438	4,600	1,142,074
NET ASSETS, Beginning	14,121,459	765,777	650,200	15,537,436
NET ASSETS, Ending	\$ 15,170,495	\$ 854,215	\$ 654,800	\$ 16,679,510

The accompanying notes are an integral part of the financial statements.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

STATEMENT OF CASH FLOWS

Year Ended May 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Contributions	\$ 4,513,445
Cash Received from Conference Centers	1,524,348
Cash Received from Regional Ministries	85,695
Interest Received	73,848
Other Cash Received	25,125
Payments to Suppliers	(2,600,883)
Payments to Employees	(1,761,982)
Interest Paid	(38,441)
Net Cash Provided by Operating Activities	<u>1,821,155</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(441,513)
Proceeds/Payments from Sale/(Purchases) of Investments, Net	(12,496)
Net Cash Used by Investing Activities	<u>(454,009)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments to Annuitants	(6,600)
Principal Payments on Note Payable	(27,361)
(Increase) Decrease in Pledges Receivable - Noncurrent	(213,887)
Net Cash Used by Financing Activities	<u>(247,848)</u>
NET INCREASE IN CASH	1,119,298
CASH, Beginning	<u>1,618,891</u>
CASH, Ending	<u>\$ 2,738,189</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Net Income (Loss)	<u>\$ 1,142,074</u>
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation	511,304
Change in Value of Split Interest Agreements	4,098
Change in Value of Annuity Investments	(4,873)
Changes in Assets and Liabilities	
Pledges Receivable - Current Portion	209,892
Accounts Receivable	19,659
Inventory and Prepaid Expenses	18,668
Accounts Payable	(26,444)
Accrued Liabilities	1,905
Deferred Revenue	(25,260)
Accrued Vacation	(29,868)
Total Adjustments	<u>679,081</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 1,821,155</u>

The accompanying notes are an integral part of the financial statements.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Officers' Christian Fellowship of the United States of America (the "Fellowship"), was established in 1943, to provide encouragement and equip Christian officers of the United States military for biblical fellowship and outreach in ministering to the military society. The Fellowship accomplishes its purpose through staffing in key centers of the military population throughout the world, publications, retreats, and conferences. The Fellowship owns and operates two conference centers located near Buena Vista, Colorado and Mann's Choice, Pennsylvania, and locates staff members near military academies and other areas in the United States having a high concentration of military personnel. The Fellowship's support is primarily from individual donor contributions.

Basis of Accounting

The accounting policies and financial reporting of the Fellowship conform to generally accepted accounting principles as applicable to not-for-profit organizations. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing accounting and financial reporting principles. A summary of the Fellowship's more significant policies follows.

Financial Statement Presentation

Cash and Cash Equivalents – For purposes of the statement of cash flows, cash equivalents include highly liquid investments with original maturities of three months or less. Investments are reported at fair value.

Pledges Receivable – Unconditional promises to give are recognized as revenues and receivables in the year the promise is received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value and those to be collected in more than one year are recorded at present value of the estimated future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventory – Inventory is valued at cost using the first-in, first-out method. The cost of inventory is expensed when consumed rather than when purchased.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment – Property and equipment is recorded at cost. Donated property and equipment are recorded at fair value at the date of donation. The Fellowship capitalizes property and equipment with a useful life of more than one year, and a unit cost of \$1,000 or greater. Depreciation is recorded using the straight-line method over following estimated useful lives.

Buildings and Improvements	5 - 60 years
Equipment	3-20 years

Deferred Revenue – The Fellowship's conference centers receive registration fees for conferences, retreats and camps scheduled in the following years. These fees are deferred and recognized as revenue in the year the conference is held.

Accrued Vacation - Employees of the Fellowship are allowed to accumulate unused vacation time. Employees will be paid for all accrued vacation time upon separation of employment. The accrued vacation is recognized as current salary costs when earned and is reported as a current liability in the financial statements.

Support and Revenue – The Fellowship receives support primarily from contributions from individuals in the military society. The Fellowship also receives conference center revenues from conferences and camps held at the two conference centers. Public support and other revenues are recognized when the rights of ownership have been transferred to the Fellowship.

Contributions – All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a temporary restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions received by the Fellowship, in which the restrictions are met in the same year are reported as unrestricted.

In-Kind Donations – Certain individuals and employees donate supplies and travel related costs to the Fellowship. These donations are recorded as noncash contributions at the donor's cost or their estimated market values at the date of donation.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Fellowship has determined that current operational cash needs will occasionally result in cash and money market accounts' balance in excess of insured limits.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Fellowship is exempt from income tax under Sections 501(c)(3) of the United States Internal Revenue Code. The Fellowship did not have any material unrelated business income tax liability for the year ended May 31, 2018. The Fellowship's tax filings are subject to audit by various taxing authorities. The Fellowship's ending open audit periods are December 31, 2015, 2016 and May 31, 2017 and 2018. The Fellowship believes it has no significant uncertain tax provisions for the period ended May 31, 2018.

Subsequent Events

The Fellowship has evaluated events subsequent to the year ended May 31, 2018 through October 8, 2018, the date of these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: PLEDGES RECEIVABLE

The Fellowship participates in the Combined Federal Campaign (CFC) as part of Christian Service Charities in the Fall of each year. These pledges are made one to two years prior to receipt of the final amounts. Promises to give are unconditional and have been recorded net of an allowance for uncollectible pledges and administrative costs of 65% as of May 31, 2018.

During the year ended December 31, 2005, the Fellowship initiated and administered the Capital Campaign. Promises to give are unconditional and the pledges due in more than one year were discounted at a rate of 2% as of May 31, 2018.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 2: PLEDGES RECEIVABLE (Continued)

Pledges receivable as of May 31, 2018 consisted of the following:

Combined Federal Campaign	\$ 49,511
Capital Campaign	294,160
Unconditional Pledges Due	<u>343,671</u>
Less:	
Allowance for Uncollectible Pledges Receivable	(50,000)
Unamortized Discount	(10,384)
Net Pledges Receivable	<u>283,287</u>
Less:	
Current Portion	<u>(49,511)</u>
Non-current Pledges Receivable	<u><u>\$ 233,776</u></u>

Pledges are as follows:

Less Than One Year	\$ 49,511
One to Five Years	294,160
Total Pledges Receivable	<u><u>\$ 343,671</u></u>

NOTE 3: INVESTMENTS

Investments of the Fellowship at May 31, were as follows:

Cash and Cash Equivalents (Level 1)	\$ 58,600
Mutual Funds - Equity (Level 1)	75,417
Stock (Level 1)	616,103
Bonds (Level 1)	132,151
Life Insurance Annuities (Level 3)	41,775
Total Investments	<u><u>\$ 924,046</u></u>

Reconciliation of investment return of amounts reported in the statement of activities:

Interest Income	\$ 4,999
Unrealized/Realized Gain on Investments	68,849
Total Investment Income	<u><u>\$ 73,848</u></u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 3: INVESTMENTS (Continued)

The following present information about the Fellowship's investments that are measured at fair value on recurring basis as of May 31, 2018, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

Level 2 – inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.), or inputs derived principally from, or corroborated by, observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Fair value for the contribution receivable from a beneficial interest in a charitable remainder trust is determined by calculating the present value of the future distributions expected to be received, using published life expectancy tables. There have been no changes in valuation techniques and related inputs.

NOTE 4: PROPERTY AND EQUIPMENT

Property and equipment of the Fellowship as of May 31, 2018 consisted of the following:

Land	\$ 1,229,515
Construction in Progress	128,466
Building and Improvements	16,441,205
Equipment	<u>1,169,607</u>
	18,968,793
Less: Accumulated Depreciation	<u>(5,168,972)</u>
Total Property and Equipment	<u><u>\$ 13,799,821</u></u>

NOTE 5: OTHER ASSETS

The Fellowship is the owner and beneficiary of several individual life insurance policies. The estimated cash surrender value of the life insurance policies as of May 31, 2018 was \$186,435.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 6: NOTE PAYABLE

Note payable dated May 15, 2015, for \$244,000 with annual interest payments of \$7,870 and the principal balloon payment due December 31, 2018. The note has an interest rate of 3.5% per annum, and is collateralized by real property located in Quaker Hill, Connecticut.

\$ 224,000

Mortgage dated May 2016, for \$793,000 with monthly payments of \$4,830. The note has an interest rate of 4% per annum, maturing May 27, 2036, and is collateralized by real property located in Bedford County, Commonwealth of Pennsylvania.

739,353

963,353

Less: Current Portion

(252,997)

\$ 710,356

Interest expense for the year ended May 31, 2018 was \$38,441.

Annual debt service requirements for the outstanding note at May 31, 2018 were as follows:

<u>Year Ended May 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 252,997	\$ 3,537	\$ 256,534
2020	30,179	27,782	57,961
2021	31,408	26,553	57,961
2022	32,688	25,273	57,961
2023	34,022	23,941	57,963
2024 - 2028	192,054	97,752	289,806
2029 - 2033	234,497	55,308	289,805
2034 - 2036	155,508	9,212	164,720
Total	<u>\$ 963,353</u>	<u>\$ 269,358</u>	<u>\$ 1,232,711</u>

NOTE 7: ANNUITIES

The Fellowship established a gift annuity plan that allowed donors to contribute assets in exchange for the right to receive a fixed dollar amount annually during their lifetimes. The annuity liability is revalued annually based upon computed present values, and the resulting gain or loss is recorded as a change in value of split interest agreements in the statement of activities.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes as follows:

Coffman/Waldrop WSS	\$	6,683
Andrew Baer WSS		47,162
Home Office		2,541
Facility Development		82,381
WSS Attendee Scholarships		14,094
Harrison House Maintenance Fund WSS		132,926
Staff Association, Regional		40,569
USAFA General		142,336
USCGA General		111,476
USCGA Facilities		7,840
USMA Facilities		21,440
USMA General		207,677
USNA Facility fund		134,210
ROTC Ministry		1,805
Capital Campaign		
Spring Canyon		173,758
Quantico General		11,132
Maxwell/Gunter General		77,054
Benevolence Fund		9,879
Enlisted Ministry		1,870
Total	\$	<u><u>1,226,833</u></u>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 8: TEMPORARILY RESTRICTED NET ASSETS (Continued)

Temporarily restricted net assets are available for the following purposes:

Coffman/Waldrop WSS	\$	17,225
Andrew Baer WSS		56,791
Home Office		11,789
Staff Association, Regional		54,678
USAFA General		13,582
USAFA Facilities		2,900
USCGA General		6,869
USCGA Facilities		254,792
USCGA Van Fund		24,539
USCGA Maintenance Fund		5,250
USMA Missions		21,808
USMA Facilities		7,835
USMA General		23,223
USNA Facilities		198,730
ROTC		836
WSS Attendee Scholarships		6,156
WSS Harrison House Maintenance		27,684
Facility Development Fund		27,054
Capital Campaign		
Spring Canyon		35,753
Spring Canyon Veterans Memorial Lodge		360
Quantico General		6,452
Maxwell/Gunter General		9,085
Scholarship Endowment		28,102
Benevolence		12,722
		<hr/>
Total	\$	854,215
		<hr/> <hr/>

NOTE 9: PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are available for the following purposes:

Scholarships	\$	105,600
White Sulphur Springs Harrison House Maintenance		549,200
		<hr/>
Total	\$	654,800
		<hr/> <hr/>

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 10: LEASE COMMITMENTS

The Fellowship has operating leases for equipment which were renewed during 2016 with expiration in 2021. Lease expense for the year ended May 31, 2018, was \$22,318.

Future lease payments for the outstanding leases at May 31, 2018 were as follows:

<u>Year Ended May 31,</u>	<u>Total</u>
2019	\$ 32,086
2020	32,086
2021	32,086
Total	<u>\$ 96,258</u>

NOTE 11: RETIREMENT

The Fellowship has established a simplified employee pension plan (SEP) under Internal Revenue Code Section 408(k)(6) covering all eligible employees who meet the minimum age and service requirements. Only the Fellowship can contribute to the Plan.

The Governing Council establishes and can change the contribution percentage, which was 7.5% for the year ended May 31, 2018. The Fellowship contributed \$83,510 to the Plan for the year ended May 31, 2018.

NOTE 12: ENDOWMENTS

The Fellowship's endowment consists of a donor-restricted fund established to support operating maintenance of the Harrison House and scholarships. As required by the generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor imposed restrictions.

The Fellowship has interpreted the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) as requiring the preservation of the original value of the gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fellowship classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

NOTES TO FINANCIAL STATEMENTS

May 31, 2018

NOTE 12: ENDOWMENTS (Continued)

In accordance with the Modern Portfolio Theory, the Fellowship has established an annual spending amount of 4% of the value of the endowment. The Fellowship will annually appropriate this 4% and make it available for expenditure by classifying it as temporarily restricted net assets until budgetary appropriations are made for expenditure.

In accordance with UPMIFA, the Fellowship considers the following factors in making a determination to appropriate or accumulate term and quasi-endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Fellowship and the donor restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Fellowship.
7. The investment policies of the Fellowship.

Changes in endowment net assets for year ended May 31, 2018:

	Board Designated	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, as of December 31, 2016	\$ 7,213	\$ 1,207,288	\$ 650,200	\$ 1,864,701
Contributions and Other Gains	28,116	280,220	-	308,336
Investment Income	4,854	54,970	-	59,824
Net Appropriations for expenditure and fund value preservation	<u>(40,183)</u>	<u>(776,701)</u>	<u>-</u>	<u>(816,884)</u>
Endowment Net Assets, as of May 31, 2017	-	765,777	650,200	1,415,977
Contributions and Other Gains	-	1,243,874	4,600	1,248,474
Investment Income	-	56,529	-	56,529
Net Appropriations for expenditure and fund value preservation	<u>-</u>	<u>(1,211,965)</u>	<u>-</u>	<u>(1,211,965)</u>
Endowment Net Assets, as of May 31, 2018	<u><u>\$ -</u></u>	<u><u>\$ 854,215</u></u>	<u><u>\$ 654,800</u></u>	<u><u>\$ 1,509,015</u></u>

Endowments with deficiencies – From time to time, the fair value of assets associated with an individual donor-restricted endowment fund may fall below the original value of the endowment. These deficiencies result primarily from unfavorable market fluctuations.

THIS PAGE INTENTIONALLY LEFT BLANK

SUPPLEMENTARY INFORMATION

OFFICERS' CHRISTIAN FELLOWSHIP OF THE UNITED STATES OF AMERICA

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended May 31, 2018

	Program Services				Total Program Services
	Field Ministries, Education Centers and Academies	General Ministry	White Sulphur Springs Conference Center	Spring Canyon Conference Center	
Salaries	\$ 387,409	\$ 342,758	\$ 363,820	\$ 307,481	\$ 1,401,468
Payroll Taxes	22,833	27,100	27,912	23,032	100,877
Employee Benefits	59,121	70,170	40,628	42,916	212,835
Pension Plan	28,357	16,667	16,401	6,365	67,790
Total Personnel	<u>497,720</u>	<u>456,695</u>	<u>448,761</u>	<u>379,794</u>	<u>1,782,970</u>
Auto and Truck	2,331	-	20,167	25,118	47,616
Conference, Conventions and Meetings	18,943	3,037	6,884	2,812	31,676
Contract Services	24,849	31,355	25,443	30	81,677
Dues and Subscriptions	469	3,670	3,796	2,227	10,162
Equipment Rental and Maintenance	886	23,923	33,469	5,111	63,389
General Ministry	163,240	4,094	33,345	40,649	241,328
Occupancy	115,417	11,028	274,081	143,678	544,204
Postage and Shipping	11,775	10,463	2,357	1,261	25,856
Printing and Publications	15,287	14,758	2,221	840	33,106
Professional Fees	-	-	2,943	-	2,943
Promotion	91,852	2,136	2,048	5,697	101,733
Supplies	34,988	12,579	324,756	203,996	576,319
Telephone	6,443	3,524	6,410	7,903	24,280
Travel	101,626	37,471	18,159	19,814	177,070
Interest	7,464	-	-	30,977	38,441
Depreciation	1,444	32,003	308,522	145,818	487,787
Total Non-Personnel	<u>597,014</u>	<u>190,041</u>	<u>1,064,601</u>	<u>635,931</u>	<u>2,487,587</u>
TOTAL EXPENSES	<u>\$ 1,094,734</u>	<u>\$ 646,736</u>	<u>\$ 1,513,362</u>	<u>\$ 1,015,725</u>	<u>\$ 4,270,557</u>

See the accompanying Independent Auditors' Report.

Supporting Services

General Administrative	Fundraising	Total Supporting Services	Total Expenses
\$ 209,009	\$ 121,637	\$ 330,646	\$ 1,732,114
16,181	9,366	25,547	126,424
26,059	14,456	40,515	253,350
9,770	5,951	15,721	83,511
<u>261,019</u>	<u>151,410</u>	<u>412,429</u>	<u>2,195,399</u>
-	-	-	47,616
360	225	585	32,261
15,098	8,860	23,958	105,635
6,593	50,178	56,771	66,933
10,821	6,760	17,581	80,970
-	3,773	3,773	245,101
4,988	3,116	8,104	552,308
4,734	2,958	7,692	33,548
-	-	-	33,106
15,673	23,100	38,773	41,716
-	-	-	101,733
7,281	2,183	9,464	585,783
1,594	996	2,590	26,870
663	414	1,077	178,147
-	-	-	38,441
14,475	9,042	23,517	511,304
<u>82,280</u>	<u>111,605</u>	<u>193,885</u>	<u>2,681,472</u>
<u>\$ 343,299</u>	<u>\$ 263,015</u>	<u>\$ 606,314</u>	<u>\$ 4,876,871</u>